

## Message Text

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70

ACTION ARA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

FEA-01 /110 W

----- 084537

R 151930Z AUG 75

FM AMCONSUL CURACAO

TO SECSTATE WASHDC 2358

INFO AMEMBASSY THE HAGUE

AMCONSUL PARAMARIBO

AMEMBASSY CARACAS

AMEMBASSY TOKYO

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FOR ARA/CAR PALAZZOLO

E.O. 11652: N/A

TAGS: ECON, ETRD, N.A.

SUBJECT: GNA RAISES TARIFFS

REF: CURACAO A-37

1. GNA HAS ANNOUNCED HIGHER IMPORT DUTIES ON NON-ALCOHOLIC BEVERAGES, BAKERY PRODUCTS, AND LUXURY ITEMS TO BE EFFECTIVE AUGUST 11. ACCORDING TO OFFICIAL ANNOUNCEMENT, HIGHER DUTIES IMPOSED TO GIVE PROTECTION TO LOCAL INDUSTRIES AND CREATE JOB OPPORTUNITIES.

2. NEW DUTIES ARE AS FOLLOWS:

NON-ALCOHOLIC BEVERAGES INCREASE FROM NAF .10 TO NAF 1.10 PER LITER.

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BEVERAGE SYRUP INCREASE FROM 10 TO 30 PERCENT.

BREAD AND PASTRIES INCREASE FROM 20 TO 30 PERCENT.

IN ADDITION FOLLOWING QTE LUXURY ITEMS UNQTE FORMERLY TAXED AT 14 PERCENT ARE TO BE RAISED TO 30 PERCENT: AIR CONDITIONERS, REFRIGERATION MACHINERY AND FREEZERS, HOUSEHOLD DISHWASHERS, KITCHEN ELEMENTS, COLOR TELEVISION SETS AND TUBES, AND PASSENGER AUTOMOBILES VALUED AT MORE THAN NAF 8000 CIF RPT CIF. IMPORTATION OF AUTOMOBILES OLDER THAN 4 YEARS IS NOW PROHIBITED.

3. STATISTICS ARE UNAVAILABLE FOR RECENT IMPORTS OF MOST ITEMS AFFECTED EXCEPT AS FOLLOWS:

1971		1972		1973	
UNITS	VALUE	UNITS	VALUE	UNITS	VALUE
(000NAF)		(000NAF)		(000NAF)	

AIR CONDITIONERS

TOTAL	3247	1110	3215	1101	3493	1277
OF WHICH U.S.	2694	916	2668	888	2777	1007

AUTOMOBILES

TOTAL	4893	17834	4366	17195	4100	18349
OF WHICH U.S.	1119	6706	1025	6381	1345	8525
OF WHICH JAPAN	2173	5806	2160	6520	925	6439

NON-ALCOHOLIC

BEVERAGES (000

LITERS)	310	174	507	312	820	494
OF WHICH U.S.	70	43	162	96	114	70
OF WHICH VENEZUELA	142	77	312	197	656	389

4. ALTHOUGH THE OFFICIAL ANNOUNCEMENT MENTIONS PROTECTION OF LOCAL INDUSTRY, THE ONLY ITEMS ON THE LIST PRODUCED LOCALLY ARE BEVERAGE SYRUP AND BAKED GOODS. OTHER ITEMS ON THE LIST ARE IMPORTED. LOCAL OPINION IS THAT THE MOVE IS TIED TO THE RECENT GNA MOVEMENTS TO STEM INFLATION BUT THAT THE INCREASED DUTY WILL MAKE IMPORTS MORE COSTLY ALTHOUGH NOT ENOUGH TO CURTAIL THEM SIGNIFICANTLY.

5. COMMENT: LOCAL MERCHANTS HAVE ALREADY HIKED PRICES ON SOME ITEMS EVEN IF UNAFFECTED BY THE NEW TARIFFS IN AN ATTEMPT TO INCREASE PROFITS. SOME ATTEMPTS WILL BE MADE BY IMPORTERS TO EVADE THE INCREASED TARIFFS, SUCH AS IMPORTING OF AUTOMOBILES LIMITED OFFICIAL USE

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WITHOUT ACCESSORIES TO BRING CIF RPT CIF PRICES UNDER THE NAF 8000 MINIMUM AND INSTALLING ACCESSORIES HERE. THE TOTAL EFFECT WILL BE TO RAISE PRICES ON THE ISLANDS WITHOUT HAVING ANY SIGNIFICANT EFFECT ON IMPORTS OR UNEMPLOYMENT. ANTILLEANS WILL PAY HIGHER PRICES AND THE INFLATION MACHINE WILL RUN SLIGHTLY FASTER.  
KREISBERG

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## Message Attributes

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**TAGS:** ECON, ETRD, NA  
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